Application	:	I.06-06-014
Exhibit Number	:	
Commissioner	:	Geoffrey F. Brown
Admin. Law Judge	:	Robert A. Barnett
Witnesses	:	Martin G. Lyons
		Tamera Godfrey

DIVISION OF RATEPAYER ADVOCATES
CALIFORNIA PUBLIC UTILITIES COMMISSION

Report On The Practices Of Southern California Edison Company To Determine Refunds Due To Violations Of Laws, Rules, And Regulations

I.06-06-014

San Francisco, California
September 13, 2006

DIVISION OF RATEPAYER ADVOCATES
REPORT ON THE PRACTICES OF
SOUTHERN CALIFORNIA EDISON COMPANY
TO DETERMINE REFUNDS DUE TOVIOLATIONS
OF LAWS, RULES, AND REGULATIONS

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CHAPTER 1
EXECUTIVE SUMMARY

I. INTRODUCTION

The Division of Ratepayer Advocates (DRA) submits this report in response to the California Public Utilities Commission (Commission) Order Instituting Investigation (OII) (I.) 06-06-014, Order Instituting Investigation into the Operations of the Southern California Edison Company pertaining to Performance Based Ratemaking (PBR) and Notice of Opportunity of Hearing, filed June 15, 2006. This OII investigates allegations of misconduct of the Southern California Edison Company (SCE) and the potential violation of laws, rules, and regulations governing performance based ratemaking, its monitoring and reporting, refunds to customers and other relief. Section II presents a summary of DRA's recommendations, Section III highlights the sequence of events that led to investigation by the Commission, and Section IV briefly addresses questions raised by the OII regarding the future viability of PBRs. The remainder of this report provides DRA's analysis, which reviews and evaluates the various allegations against SCE for its handling of its PBR program and provides supports for DRA's recommendations.

Chapter 2 of this report, Results Sharing Associated with PBR Performance Incentives and Related Adjustments, proposes ratemaking adjustments related to past GRC funding of SCE's Results Sharing incentives that were based on manipulated information and impacted by SCE's violations of the company's major incentive programs, which include Customer Satisfaction and Health and Safety to which SCE has admitted to violations. Chapter 3 of this report, PBR Performance Mechanism Rewards, analyzes additional areas, which DRA views as impacted by SCE's violations in this investigation and recommends PBR related refunds and related adjustments. Chapter 4 contains the witnesses' Qualifications and Direct Testimony.

II. SUMMARY OF RECOMMENDATIONS

As a result of DRA's review and analysis of documents and data responses pertinent to the Commission's investigation of SCE's practices related to its PBR incentive mechanisms, DRA recommends that the Commission direct SCE to:

1. Refund to ratepayers $93.9 million of Results Sharing expenses included in customer rates for the 2003-2005 period that were established in the 2003 GRC based on manipulated data. This includes $73.6 million associated with the Transmission and Distribution Business Unit, $10.3 million associated with the Generation and Customer Service Business units and $10 million associated with reduced Results Sharing payouts below GRC authorized levels in 2004.

2. Refund $3.8 million associated with Maritz survey expenses and other related costs.

3. Refund to ratepayers $28 million in PBR rewards, associated with Customer Satisfaction, that were paid by ratepayers in the period 1997-2000 and forgo the outstanding recovery of $20.0 million in 2001-2003 in purported rewards.

3. Refund to ratepayers $8 million awarded to SCE for its PBR System Reliability performance rewards.

These refunds are in addition to SCE's agreement to refund safety-related performance rewards of $20 million for the 1997-2000 period and forgo purported rewards of $15 million.

III. BACKGROUND

On September 30, 1996 the Commission issued Decision (D.) 96-09-092, which established performance based ratemaking for SCE effective January 1, 1997. The Commission noted, "…we see PBR as emulating the competitive process to encourage utility management to make decisions which resemble an efficient or competitive outcome." The Commission additionally stated, "We have accepted the benefits of incentives based on PBR regulation for several years…To encourage efficiency, effective PBR regulation breaks this feedback link from costs to rates and includes an incentive of the utility to reduce costs. Moreover effective PBR regulation must include appropriate standards for health and safety."

To assure acceptable levels of performance while promoting cost management, the Commission included as part of the PBR plan three performance incentive mechanisms to assure ratepayers of reasonable performance standards for customer satisfaction, safety, and service reliability. By this decision, SCE shareholders could receive PBR rewards (or increase utility rates) for high performance in these three areas. Conversely, if performance were to drop below a set target (such as a rise in work-related illnesses and injuries per 200,000 hours worked or per 100 employees) then a penalty would be incurred by SCE, which would be reflected in reduced rates. (D.96-09-092, p. 54)

Following implementation of the PBR in 1997 and its operation through 2003, SCE management received two anonymous letters from its employees. Each alleged data falsification and manipulation. An initial investigation by SCE revealed no wrongdoing on the part of SCE employees. The second letter, which noted that a copy was sent to the Commission, led to an investigation which confirmed the allegations of the letters and the subsequent offer by SCE to return $14.4 million of the $48 million, which SCE had claimed under the

Customer Satisfaction PBR from 1997 through 2003. Later findings revealed additional data manipulation with respect to the health and safety factor.

All of these allegations of violations culminated in the current Commission OII filed June 15, 2006, the Commission's Consumer Protection and Safety Division's (CPSD) Report on Southern California Edison Company's Manipulation of Data Related to Its Administration of Customer Satisfaction Performance Based Ratemaking issued July 15, 2006, and SCE's Response to Information Requested in Ordering Paragraph 7 of I.06-06-014, which was issued July 7, 2006. DRA's testimony is served in response to the Commission's invitation to provide such testimony: "We invite interested parties, and the Commission's Division of Ratepayer Advocates (DRA) to actively participate in this proceeding. The proceeding involves important and basic ratemaking matters that will benefit from the expertise and participation of DRA and other parties." (OII, p. 5)

IV. FUTURE OF PERFORMANCE BASED RATEMAKING

One of the issues raised in the I.06-06-014 is the future of PBR ratemaking. The Commission posed two questions: "…(8) ascertain whether the Commission should eliminate or modify SCE's PGBR to prevent further wrongdoings, further unintended and inappropriate costs, and further perverse PBR consequences, and…(10) ascertain whether ratepayer funding for PBR programs should be eliminated or funded at reduced rates." In its 2006 rate case SCE did not request any of the three incentive mechanisms. DRA recommends that future PBR's be evaluated on a case-by-case basis for California energy utilities. (OII, p. 2)

CHAPTER 2

RESULTS SHARING ASSOCIATED WITH PBR PERFORMANCE INCENTIVES AND RELATED ADJUSTMENTS

I. INTRODUCTION

This chapter presents the analysis and recommendations of DRA regarding the refunding of portions of SCE's revenue requirement, pursuant to D.04-07-022, for costs associated with its Results Sharing incentive program and other expenses incurred for its customer satisfaction survey. The review is also conducted pursuant to Ordering Paragraph 1. (c) of I.06-06-014, to determine if "other increased rates or other damages if any, wrongfully caused, and the refunds and other relief associated with such wrongdoing."

II. SUMMARY/RECOMMENDATIONS

DRA estimates that the portion of SCE's authorized revenue requirement that should be refunded to ratepayers is $97.817 million. The $97.817 million are the costs associated with Results Sharing incentives and bonuses (as well as other costs) that were based on forecasts using manipulated data. This was due to SCE's falsification of customer survey information and manipulation of survey results and employee illness and injury records. In Ordering Paragraph 15 of D.04-07-022 the Commission stated the following:

> To the extent affected by data falsification by certain employees associated with the customer satisfaction survey, which data falsification is being investigated by SCE as described in Exhibits 415, 416, 417, and 418, SCE's authorized revenue requirements adopted in this or any other proceeding are subject to refund.

Regarding refunding of Results Sharing and other expenses, the Commission stated on pages 287 and 288 in D.04-07-022 that:

> Since the investigation into the data falsification and its ramifications is still underway, we are not in a position to specify the revenue requirement dollar amount that is subject to refund, or even the expense category (whether Results Sharing, customer satisfaction survey expenses, etc.). Accordingly, we will not embrace SCE's proposal to limit the amount that is subject to refund to the $24.536 million portion of Results Sharing costs that SCE calculated is attributable to the Transmission and Distribution business unit.

The following summarizes DRA's recommendations:

1. That the Commission order SCE to refund to ratepayers $73.608 million total based on $24.536 million annually in Results Sharing incentives that were earned in connection with artificially inflated customer satisfaction survey scores and inappropriate safety reporting attributable to its Transmission and Distribution Business Unit.[1] SCE employees, motivated by larger Results Sharing checks and bonuses, under reported employee illnesses and injuries, and artificially raised customer satisfaction survey scores by falsifying customer information, manipulating survey scores, bombarding customers with pre-survey information and aggressively selling its survey.

2. That the Commission order SCE to refund to ratepayers $10.290 million in Results Sharing incentives it collected in rates and paid out to employees for the years 2003, 2004, and 2005 attributed to Generation and Customer Service Business Units. The Results Sharing incentives were erroneously earned for reporting low incidents of employee illnesses and injuries and higher customer satisfaction survey scores.

3. That the Commission order SCE to refund to ratepayers $10.077 million in Results Sharing incentives it collected in rates but did not pay out to employees. SCE states that the 2004 reduction in incentives was due to its "recognition of the seriousness of the issues discovered during the customer

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[1] SCE calculated the amount of Results Sharing incentives that was attributable to its Transmission and Distribution Business Unit (TDBU) and stated if "the Commission nonetheless were to feel compelled to set some portion of SCE's GRC revenue requirement subject to refund, this should be limited to the $24.536 million." SCE's response to DRA's Motion to Reopen Proceeding dated April 9, 2004.

satisfaction and employee safety investigations"[2] The $10.077 million is the difference between SCE's authorized Results Sharing of $73.432 million and the amount of Results Sharing SCE paid out to employees of $63.355 million for 2004.

4. That the Commission order SCE to refund to ratepayers $3.521 million for costs it collected in rates in order to hire an independent consultant to conduct customer satisfaction surveys. The customer data that SCE provided to its consultant to utilize for phone surveys was tainted. SCE's employees falsified customer information, manipulated survey results, and bombarded customers with pre-survey information, in order to gain higher scores on its survey.

5. That the Commission order SCE to refund $320,625 to ratepayers for customer give-a-ways with its 5+ logo, and items for team building and promotions (i.e. logo and district jackets, hats, shirts, etc.). Some of SCE's departments did not have special accounting or tracking numbers that would allow the business unit to specifically track "5+" communication and customer give-a-ways incurred for customer satisfaction, so the exact amount incurred for 5+ related expenses may never be known. SCE ordered various promotional items with its 5+ logo to help sell the survey and to remind customers of the desired survey score.

DRA provides a summary of its recommendations in Table 2-1 of the amount of SCE's revenue requirement that should be subject to ratepayer refunds in connection with its falsification of customer survey information and manipulation of survey results and employee illness and injury records.

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2 SCE's Response To Information Requested in Ordering Paragraph 7 Of I.06-06-014", p. 3.

Table 2-1
(in Thousands of Dollars)

Summary of DRA's Recommendations						
Description	Results Sharing Associated With Transmission & Distribution	Results Sharing Associated with Generation & Customer Service	Results Sharing & Bonus Reductions Due to Investigations	Consultant Expenses For Customer Satisfaction Surveys	Other Costs Incurred for Customer Satisfaction	**Recommended Ratepayer Refund**
	$ 73,608	$ 10,290	$ 10,077	$ 3,521	$ 321	**$97,817**

III. DISCUSSION

In 1996, the Commission authorized a non-generation Performance Based Ratemaking (PBR) mechanism for SCE that would run from 1997 through 2001. The mechanism included service quality performance incentive standards for employee safety, system reliability, and customer satisfaction.[3] The Commission later extended SCE's PBR mechanism until it was suspended by SCE's 2003 General Rate Case (GRC).[4] In SCE's 2003 GRC Application, SCE requested continued ratepayer funding of the Results Sharing Incentive program. Annual funding of the program is based upon achieving certain established employee safety, reliability and customer satisfaction targets and an overall corporate target.

The circumstance surrounding SCE's falsification and manipulation of customer satisfaction data and survey results and under-reporting of employee health and safety

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3 D.96-09-092, 68 CPUC 2d 275, 306-308.

4 "PBR Illness and Injury Recordkeeping Investigation Report," December 3, 2004, p.5.

data requires that the Commission order ratepayer refunds. The Commission, unknowingly, relied upon inaccurate and misleading information, provided by SCE, in order to grant PBR rewards and to authorize SCE's GRC revenue requirement, which included funding for Results Sharing incentives and other expenses. SCE's ratepayers were harmed by being required to fund forecasts of Results Sharing expenses based in part on manipulated data. The relief for ratepayers is refunds. SCE claims that it is committed to ratepayer refunds for the harm caused to ratepayers and has vowed that it "would not assert retroactive ratemaking or any other technical defense to refund of amounts found to have been inappropriately collected from ratepayers."[5] The Commission should ensure that SCE honors this commitment.

In D.04-07-022 (p. 287) the Commission stated:

> We agree with SCE that it would be inappropriate to make the entire revenue requirement subject to refund. In any event, the parties may not be far apart on this question. ORA proposes that possible refunds be limited to "revenue requirement reductions which flow from issues influenced by the data falsification," not the entire revenue requirement at issue in this GRC. This may not be substantively different from SCE's commitment to refund "any affected revenue requirement." Given this commitment, SCE has in effect agreed largely, if not entirely, to the substance of ORA's proposal. Ordering that the adopted rates be subject to refund represents our confirmation of SCE's own public commitment to return any amounts inappropriately collected from ratepayers.

A. DRA'S ANALYSIS

DRA conducted its analysis by reviewing SCE's report on its PBR Customer Satisfaction Investigation and its report on Illness and Injury Recordkeeping Investigation, and SCE's report "SCE's Response To Information Requested in Ordering Paragraph 7 Of I.06-06-014. DRA reviewed the report issued by the Commission's Consumer Protection & Safety Division data on SCE's manipulation of data related to its

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[5] Footnote 4 on page 3 of SCE's response dated April 9, 2004 to DRA's Motion to Reopen Proceeding.

administration of customer satisfaction. DRA also issued data requests to SCE and analyzed the responses. DRA spoke with employees at SCE to discuss findings and questions pertinent to data requests and responses.

B. RESULTS SHARING ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION BUSINESS UNIT

SCE's customer satisfaction PBR mechanism provided SCE with "the possibility of earning rewards or being assessed penalties for each calendar year based on the outcome of surveys conducted with persons who had a recent transaction provided by SCE."[6] Compensation paid to SCE employees from its Results Sharing incentive program was based in part on customer satisfaction as measured by the customer satisfaction survey. SCE's customer satisfaction covers four areas: Service Planning, Local Offices, Telephone Centers, and Field Delivery (Field Service Representatives and Meter Readers).

The following SCE script, provided to employees by SCE management, entitled "Promoting 5+ Customer Service", states SCE's objective for encouraging the selling of its survey and the benefits to employees for participating.[7]

> Our most recent Customer Satisfaction scores are not reflecting the true quality of service that we provide to our customers on a daily basis. Other external factors may be contributing to our overall low scores. You're probably thinking that there's not much more you can do, right? Wrong…There is more we can do. Just keep reading. We can continue providing exceptional customer service but at the same time, let's also sell our 5+ Service**.** How? Easy…After providing the customer with our usual

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[6] SCE "PBR Customer Satisfaction Investigation Report", June 25, 2004, p. 14 ("PBR Customer Satisfaction Report.")

[7] The SCE script was sent to approximately 450 Call Center employees working as Customer Service Representatives at SCE's Long Beach and Rancho Cucamonga locations. A copy of SCE's script was provided in SCE's response to DRA data request DRA-01 TLG, question 7 g. SCE stated in its response to DRA data request DRA-01 TLG, question 7 d that it had four other employee contests, in addition to the free lunch contest, in its Call Center for mentioning 5+ customer service survey rating during phone calls with customers.

> world-class customer service, inform the customer that he or she may be surveyed. Just follow the script below: *You may be surveyed as a result of this order. I hope I have provided you with 5+ service"*. *Note: We only need to use this script on service orders such as Turn Ons, Turn Offs, Credit Trouble, and Billing orders. So, what's in it for you… **We can improve our Customer Satisfaction scores, which is a huge factor in Results Sharing. Larger Results Sharing payout checks at the end of the year [emphasis added]**. Additional individual PerqPoints awarded (read on…) The supervisor, management, and QA teams will be randomly rewarding those of you that are using the above script while on a customer call with 5 PerqPoints. Good deal, huh?

The following excerpts from CPSD's report, demonstrates how SCE's employees were instructed[8] to bombard customers with pre-survey information, aggressively selling the survey or utilizing other means to raise survey scores:

> **CS113 (Planning Supervisor)**
>
> CS113 confirmed he made the following statement to the SCE investigators: "The more the survey is sold, it is more likely to result in a five-plus score. Some customers tell the planners to stop selling the survey and say, "I know. Five-plus"" (See page 32, lines 13-25)
>
> CS113 stated that he learned from his planners that customers were getting sick and tired of hearing about the customer satisfaction. He confirmed that he made the following statement during his February 15, 2004 interview with SCE: "The customer is contacted too often. For example, depending on the stage of a project, there may be eight points

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8 Although SCE's Field Service Representatives (FSR) had customer contact 25-30% of the time on their visits to customer premises, and its FSRs and Meter Readers handed out pens, nightlights, post-it notepads and door hangers, etc. with 5+ language, SCE claims that its "FSRs were not required to mention the 5+ survey to customers. There is no documentation by SCE management encouraging FSRs or not encouraging FSRs to mention the "5+" survey ratings to customers. In addition, based on information obtained from interviews with FSRs at six district offices, the FSRs consistently stated that supervisors did not stress "selling the survey" or using the term "5+" frequently when talking with customers. Supervisors generally did not tell FSRs to mention the survey or 5+." From the period of 1997 to 2004, SCE had an average of 297 FSRs. SCE's responses to DRA data request DRA-01 TLG, Supplemental responses to questions 9, 10 and 11.

of contact such as when SEC receives money, when a contract is signed, et cetera. At every customer contact, the planner is encouraged to sell the survey. A customer could be contacted up to eight times if Maritz calls at the end of a project". (Pages 32-32, lines 14-28 and lines 1-9)

CS1178 (Planning Supervisor)

CS1178 stated that selling the survey, from the planner up to higher management, was a necessity to explain to the customer that one through four did not benefit the planner and five and five-plus were good scores. He added "[I]f there's anything I'm doing that doesn't warrant a five or a five-plus, contact me or my supervisor, and here's a card, here's a number. And that was what we did." (Page 15, lines 21-24) He confirmed that management thought that it was extremely important that planners sold the survey in order to achieve high customer satisfaction scores. (Pages 15-16)

CS1132 (Planning Supervisor)

He stated selling the survey meant informing the customer that they might be surveyed and that a 5 and 5+ counted and anything less than a five did not count. He stated management at monthly planner meetings emphasized the need for planners to sell the survey to their customers, and he said management considered selling the survey an important means to increase customer satisfaction scores. (Pages 48-51)

CS1145 (Planner)

CS1145 stated he stopped selling the survey because he thought by selling the survey it did not give an accurate representation of the survey numbers. He stated "[a]fter I became more experienced as a planner and a little more knowledgeable with the survey and the scoring and everything, I kind of made a decision for myself that, knowing what I know about market research and surveys, it doesn't give an accurate representation of those numbers. I tried to take a more corrective approach of actually changing the scale and changing the scoring system, but then I found out that that's part of the rate case that's approved every three or four years, and that it would be almost impossible to

> change. So at that point I just made a decision just to use the system as is and not sell the survey." (Pages 13-14, lines 21-28 and lines 1-5 respectively.)

> **CS1138 (Designer)**

> CS1138 recalled a planner meeting that took place in 1998, in which CS1158 threatened him and the planners by stating "If I'm going down, I'm going to take you people with me. Those numbers better come up. You do whatever it takes to get those numbers up." (See page 28, lines 11-14.) He said in response to CS1158's threat, to avoid receiving bad surveys for the South Bay, he began deleting customer contact telephone numbers or inputting wrong telephone numbers in work or meter orders if he found the customer would not give the planner a good survey score. He said at one point the planners provided him with a list of contractors that promised to give SCE a five-plus survey score, if they were telephoned by Maritz for the customer satisfaction survey. He said the five-plus customer contact lists were posted in his cubicle, and he said the planners, if they needed a good customer contact, would take a name from the five-plus lists and designate that person as the customer contact for their project. At this point of the interview, CS1138 presented CPSD with two documents: the first was a one page document titled "High Five Club," which contained a list of names and telephone numbers of about 15 contractors, and the second document, titled "High Five Plus," contained the names and telephone numbers of about 9 contractors. He said CS1223 gave him the "High Five Club" list of contractors. He said once the five plus lists were posted in his cubicle, he did not need to delete customer contact telephone numbers to avoid receiving a bad survey, because the planners used the contractors from the lists. He said the five plus contractor lists were commonly known throughout his office, and that his supervisor, CS1158, was aware how the planners were using these lists. (See pages 31-41)

SCE's report of its investigation into its customer satisfaction survey found that between 1997 and 2003, some of its employees falsified and manipulated customer contact information and survey results to influence the outcome of the surveys used to determine the amounts of customer satisfaction incentive awards.[9] SCE has proposed to refund $14.4 million ($8.4 million of $28 million of PBR rewards that SCE has collected, and to forgo $6 million out of $20 million of PBR rewards that SCE has requested and/or calculated but has not received) to ratepayers for PBR rewards it claims were earned from 1997 to 2003 for customer satisfaction. SCE has not proposed to refund Results Sharing incentives and bonuses it collected in rates for achieving high customer satisfaction surveys scores.

In this proceeding, SCE has not proposed to refund any portion of its test year 2003, 2004 and 2005 GRC revenue requirement. In A.02-05-004 in its response dated April 9, 2004 to DRA's Motion to Reopen Proceeding,[10] SCE stated "in fact, no portion of the GRC revenue requirement should be made subject to refund". SCE calculated the amount of Results Sharing incentives that was attributable to its Transmission and Distribution Business Unit (TDBU) and stated if "the Commission nonetheless were to feel compelled to set some portion of SCE's GRC revenue requirement subject to refund, this should be limited to the $24.536 million."

SCE claims that although its report "described misconduct involving a number of service planners and some supervisors" its report "concluded that it likely did not have a significant impact on customer satisfaction survey results."[11] DRA disagrees with SCE's assessment that the falsification and manipulation of customer satisfaction survey data and results, which occurred for over seven years, "did not have a significant impact on customer satisfaction survey results" and SCE's own employees have stated otherwise. These actions and the tactics of aggressively and inappropriately selling its survey to

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9 PBR Customer Satisfaction Report, p. 71 and Attachment 13.

10 SCE calculated the $24.536 million by utilizing a two year average method of actual Results Sharing incentives paid out to SCE employees for the years 1999 and 2000. The Commission utilized a two year average method (years 1999 and 2000) of SCE's actual Results Sharing incentive payout and authorized $73.432 million in Results Sharing incentives in SCE's 2003 GRC.

11 SCE's Response To Information Requested in Ordering Paragraph 7 Of I.06-06-014", p. 5.

customers raised its survey results and helped SCE achieve higher customer satisfaction results. In a 5+ Service Script Team Competition SCE states:

> The 5+ customer Services scripting has proved to be a valuable tool in improving our customer satisfaction scores. Due to the success of the 5+ Service script, our Customer Satisfaction Team is sponsoring a Supervisor Team competition for employees who utilize the 5+ phrase during their calls."[12]

DRA recommends that SCE refund to ratepayers $73.608 million total based on $24.536 million annually for the period 2003-2005 in Result Sharing incentives attributable to its Transmission and Distribution Business Unit. These incentives were earned in connection with artificially inflated customer satisfaction survey scores, inappropriate safety reporting (which SCE has acknowledged as described in Section C) and other related issues which have served to undermine the integrity of the PBR programs and related Results Sharing incentives used to forecast GRC revenues. SCE employees, motivated by larger Results Sharing checks and bonuses made to them by management, under reported employee illnesses and injuries, artificially raised customer satisfaction survey scores by falsifying customer information, manipulating survey scores, bombarding customers with pre-survey information and aggressively selling its survey. This warrants refunding of $73.608 million in Result Sharing incentives that were incorporated into the GRC revenue requirement during the 2003-2005 period.

C. RESULTS SHARING ASSOCIATED WITH GENERATION AND CUSTOMER SERVICE BUSINESS UNITS

Federal and State regulations govern record keeping of industrial injuries and illnesses. SCE's safety component for its Results Sharing program was based on first aid incidents and OSHA recordable injuries and illnesses as these terms are defined by the

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[12] SCE response to DRA data request DRA-01 TLG, question 7 f.

applicable regulations.[13] SCE's safety targets have been an element of SCE's Results Sharing program since 1995.[14] The fewer the recorded incidents of employee injuries and illnesses, the greater the financial rewards SCE could collect from ratepayers in Results Sharing incentives and other rewards. SCE's Report of its investigation into health and safety reporting problems found that the PBR first aid data and PBR OSHA recordable data was inaccurate and that "SCE's under-reporting of first aid incidents significantly impacted the PBR results".[15]

The reason for the under-reporting of injuries was that SCE's management and employees failed to report the injuries and some mentioned that "the current safety incentive programs unintentionally discouraged the reporting of injuries".[16] There were some SCE supervisors and employees that delayed reporting injuries, if at all, because injuries from a prior calendar year that were reported after January 7 of the following year were not included in the statistics for Results Sharing and other purposes for either year.[17] There is a connection between the amount of employee incentives that can be earned and the number of reported incidents of employee illnesses and injuries. SCE states the following in its report which substantiates this fact:

> …employee compensation – both safety bonuses and Results Sharing - have significantly contributed to under-reporting of less severe work-related injuries (e.g. sprains, strains and contusions). While some employees have stated in interviews that the safety bonuses were not large enough to motivate non-reporting, many more employees and supervisors mentioned the safety bonuses (and other safety rewards and incentives such as free meals, movie tickets, etc.) as a factor in under-reporting of non-severe injuries. This effect appears to be heightened when safety bonuses

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13 PBR Illness and Injury Recordkeeping Investigation Report", December 3, 2004, p. 8 ("PBR Illness Report")

14 PBR Illness Report, p. 15.

15 PBR Illness Report, p. 30-33.

16 PBR Illness Report, p. 34.

17 PBR Illness Report, p. 35, footnote 39.

are group-based, because injured employees may be more reluctant (or subject to greater pressure) not to report injuries if the report affects other employees' safety compensation. This pressure to avoid reporting may also increase in the situations where the safety bonus progressively increases, as occurs during a no-injury "streak".[18]

Based on the inaccurate and unreliable employee health and safety data, SCE has proposed to refund $20 million in PBR rewards it has collected and to forgo $15 million of requested and or calculated rewards for a total of $35 million. DRA agrees with SCE's proposal to refund PBR rewards. SCE has not proposed to refund to ratepayers any of the Results Sharing incentives that it collected in rates that were developed for the 2003 GRC and based upon the under-reporting of employee health and safety data. SCE has admitted in its report that safety incentives, bonuses, and other rewards (i.e. free meals and movie tickets) were reasons why its employees engaged in inappropriate behavior and under-reporting of employee illness and injuries, yet SCE has not developed a refund proposal associated with Results Sharing and other expenses incurred for safety awards. SCE's requests for ratepayer funding for its Results Sharing incentives and Executive bonuses are developed in the GRC and separate from its requests for PBR rewards for health and safety.

DRA estimates that SCE should be ordered to refund to ratepayers $10.290 million in Results Sharing incentives associated with erroneous health and safety data and customer satisfaction data for Generation and Customer Service Business Units. SCE paid out incentives to employees for recording low incidents of injuries and illnesses for the years 2003, 2004 and 2005.[19] The Commission utilized the average of SCE's 1999 and 2000 Results Sharing payout to authorize SCE's revenue requirement for Results Sharing for the test year 2003 and 2004 and 2005 attrition years. SCE's under-reporting

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18 PBR Illness Report, pp. 47 - 49.

19 SCE provided the breakdown for the years 2003, 2004 and 2005 for its Results Sharing incentive payout associated with its health and safety and customer service in its response to DRA data request DRA-01 TLG question 2.

of health and safety data and manipulation of customer contact information and survey results is known to have taken place between 1997 and 2003, and SCE has agreed that the data is not accurate. Therefore the Results Sharing incentives that SCE's employees earned due to reporting low incidents of employee illnesses and injuries and for reporting high customer satisfaction survey scores during the years 1999 and 2000 was based on faulty information. Since the recorded data upon which the forecasts were based was not reliable, DRA used actual Results Sharing payouts for 2003 through 2005 to develop the Results Sharing adjustment for the Generation and Customer Service Business Units.

D. RESULTS SHARING AND BONUS REDUCTIONS DUE TO INVESTIGATIONS

The Commission authorized $73.432 million for test year 2003 in D.04-07-022 for SCE's Results Sharing incentive program.[20] The Commission also adopted SCE's forecast for its Executive Officers' Salaries of $12.558 million, which included Executive incentives of $5.430 million. SCE claims that its "Results Sharing payouts and executive bonuses were reduced for all eligible employees for 2004 as a result of the outcome of the investigations."[21] However, SCE recovered the authorized amount of $73.432 million for Results Sharing (plus attrition) from ratepayers. Due to its "recognition of the seriousness of the issues discovered during the customer satisfaction and employee safety investigations",[22] SCE paid out Results Sharing incentives of $63.355 million for 2004.[23] This is a reduction of $10.077 million from the amount that was authorized by the

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20 Results Sharing incentives include Results Sharing, Management Incentive Program, Major Customer Division, Non-Officer Executive Incentive Plan.

21 "SCE's Response To Information Requested in Ordering Paragraph 7 Of I.06-06-014", p. 3.

22 SCE's response to DRA data request DRA-01 TLG, question 2.

23 In SCE's response to DR-ORA-034 question 9 (f), SCE claimed that for 2004, it had accrued $74.3 million for Results Sharing and $14.1 million for Executive Incentive Plan for executive officers and non-officer executives (SCE includes non-officer executive incentives (NOEIP) in Results Sharing).

Commission of $73.432 million. Table 2-2 shows SCE's Results Sharing payout for 2004.

Table 2-2

SCE's Results Sharing Payout for 2004			
Description	2004 Authorized	2004 Actual Payout	DRA Recommended Ratepayer Refund
Results Sharing		$ 43,717,161	
MIP		$ 13,741,734	
MCD		$ 824,740	
NOEIP		$ 7,584,000	
Less Participant Credit SONGS/Mohave		$ (2,512,354)	
Total	$ 73,432,000	$ 63,355,281	$ 10,076,719

DRA recommends that SCE be ordered to refund $10.077 in Results Sharing incentives that were collected in rates for 2004 but was not paid out to employees. SCE has admitted that the reductions in incentive payouts were directly related to its investigations in to the falsification and manipulation of its customer satisfaction survey and employee health and safety data. DRA asked SCE if it refunded the $10.077 million in Results Sharing incentives, which was not paid out to employees, and SCE stated that it had not.[24] SCE responded as follows:

> (D.)06-05-016, in SCE's 2005 General Rate Case, ordered SCE to establish a memorandum account effective in 2006 to track the difference between the amount authorized for Results Sharing costs and the amount actually paid under the program. Beginning in 2006, if the amount paid out under Results Sharing is less than the amount authorized, SCE is to refund the

[24] SCE's response to DRA data request DRA-01 TLG, question 4.

difference to ratepayers. This funding mechanism and memo account did not exist in 2004, and therefore no refund was provided to ratepayers in 2004 as a result of the reduction in Results Sharing payouts and executives bonuses. D.06-05-016, page 383, Ordering Paragraph No. 21, states "SCE shall track the authorized and recorded Results Sharing costs in a memorandum account. When the actual Results Sharing payouts for 2006, 2007 or 2008 are determined, any shortfall in the payout to employees when compared to the authorized amount for that particular year shall then be credited to the Base Revenue Requirement Balancing Account." Any difference between 2004 authorized Results Sharing amounts and actual payouts would have been used to fund essential utility operations. During 2004, SCE's transmission and distribution recorded expense was well above previously-authorized levels. Such re-allocation of authorized revenues to emerging business needs is inevitable, and a necessary condition of forecast ratemaking as practiced by California Public Utilities Commission, unless prior specific direction is expressly stated by the CPUC.

SCE claims that for "performance year 2004, the median award for executives under the EIP was reduced by over 14%, which decreased the payout by approximately $2.3 million".[25] SCE paid out executive incentives for 29 executives of $6.684 million for 2004, which was supposed to be a reduction in the incentive payout. SCE also claims that a few executives who had direct accountability for customer satisfaction and employee safety received an additional reduction in their awards. Table 2-3 shows SCE's Executive Incentive payout for 2004.

Table 2-3

Executive Incentive Compensation Plan (EIP)		
2004 Actual Payout	**2004 Authorized**	**EIP Payout Over Authorized Amount**
$ 6,684,000	$ 5,430,000	**$ 1,254,000**

[25] SCE's response to DRA data request DRA-01 TLG, question 2.

DRA specifically requested information on the EIP calculation for SCE's 29 top executives that received the 14% incentive reductions and the calculation of the $2.3 million reduction. DRA requested additional information on the executives that received an additional reduction in their awards that was associated with customer service and employee safety. SCE was not able to provide the information as requested for 2004 EIP payouts. In SCE's Supplemental response, it claimed that the 14% reduction was the aggregate for all executives including the non-officer executives (non-officer executive incentives were included in SCE's Results Sharing requests for 2004 and not in the EIP request for the 29 top officers that received incentives). SCE responded as follows:[26]

> The 14% refers to the reduction in the aggregate bonus pool for all executives in recognition of the findings in the customer satisfaction and employee health and safety investigations. The aggregate bonus pool (actual) for all executives in 2004 was $14,268,000. But for the findings in customer satisfaction and employee safety investigations, the estimated bonus pool would have been approximately $16,600,000 or roughly $2.3 million higher." We are unable to provide a break-down of the aggregate reduction in the bonus pool by individual executives since the bonus decisions were not based on an "across- the-board" formula or calculation".

SCE's Results Sharing incentive payout, including non-officer incentives, for 2004 was $63.355 million, which is a reduction of $10.077 million from the amount that was authorized by the Commission of $73.432 million. In 2004 SCE's top 29 executives received $6.684 million in EIP incentives, this is $1.254 million over the Commission authorized amount of $5.403 million for SCE's top executives. Although SCE claims that its top executives received a 14% reduction in incentive payout for 2004, SCE was able to pay out $1.254 million over the authorized amount. Based on the information provided, DRA was not able to calculate or determine the reduction in incentive pay for

[26] SCE's response to DRA data request DRA-01 TLG, question 2 Supplemental.

SCE's top 29 executives that received EIP incentives in 2004. Therefore, DRA's recommended adjustment of $10.077 million in Results Sharing incentives that were collected in rates for 2004 but was not paid out to employees is reasonable.

E. CONSULTANT EXPENSES FOR CUSTOMER SATISFACTION SURVEYS

In D.96-09-092 SCE proposed to use its internal performance survey. DRA countered by expressing concern about using this survey as the only measure of performance and questioned the survey itself as an instrument controlled by SCE. The Commission stated "We support DRA's concern that Edison's own marketing Department conducts this survey and we order Edison to include with its compliance filing a plan to use an outside survey firm to confirm a representative sample of its customer responses." (p. 53, 54)

SCE's customer satisfaction surveys were conducted by a third party market research firm called Maritz Research (Maritz) from the period of 1998 through 2003. SCE electronically provided Maritz with a database of randomly selected work and meter orders, twice a month, to be used as a pool for the survey. SCE's employees working as Planners in its Transmission and Distribution Business Unit's Design Organization provided customer information in the database. Maritz conducted telephone surveys of SCE's customers and asked questions about the project and services that SCE provided and asked the customer to rank their overall satisfaction with the individual planner's work or the project using a six-point satisfaction scale, for "Delighted (5+)" to "Completely dissatisfied (1)".[27] SCE incurred expenses of approximately $3.521 million for its customer satisfaction surveys. Table 2-4 shows the costs incurred for SCE's consultant in connection with customer satisfaction surveys for the years 1997 through 2003.

[27] PBR Customer Satisfaction Report, p. 13.

Table 2-4

Consultant Expenses for Customer Satisfaction Surveys		
Year	**Market Research Consultant**	**Costs Incurred**
2003	Maritz Research	$ 515,866
2002	Maritz Research	$ 478,569
2001	Maritz Research	$ 408,549
2000	Maritz Marketing Research	$ 441,546
1999	Maritz Marketing Research	$ 513,432
1998	Maritz Marketing Research	$ 552,184
1997	Quality Strategies Inc.	$ 611,179
Total		$ 3,521,324

The purpose of hiring an independent consult was to ensure that the customer survey would be conducted by an unbiased party, and the data utilized would not be compromised. However, SCE employees engaged in activities which tainted and thus comprised the customer data before the consultant received the information. The below excerpt from CPSD's report from one of SCE's employees explains the problem of selling the survey and the reason why SCE should make refunds for compromising customer data utilized for surveys:

> **CS1145 (Planner)**
>
> "He has a problem with 'selling' the survey because he believes that this skews the results. He did not think that Maritz was aware of the 'selling the survey' process and that if they were aware of it they would probably tell us to discontinue the practice. He believes that supervisors and managers have created an environment where the planners are more concerned about the survey numbers than their actual

> work. He believes that the focus has been misplaced." (Page 6, Jan 21, 2004)
>
> "CS1145 stated that he believes the practice of discussion the survey ahead of time with the customer ('selling the survey') could be construed as another form of gaming." (Page 7, Jan 21, 2004)
>
> "CS1145 also felt strongly that the current survey process is not an accurate depiction of the service provided to customers. He is a firm believer that the survey should not have to be explained. A reasonable survey should reflect accurate results based on the work performed. CS1145 believes that 'selling the survey' and bribing customers with trinkets to remind them to score the planner a 5+ skews the survey results." (Page 8, Jan 21, 2004)

The Commission can not ascertain from SCE's customer survey scores if SCE's customer service has improved or declined. SCE's employees falsified customer information, manipulated survey results, and bombarded customers with pre-survey information. The costs of these surveys impacted the net sharing mechanism and benchmark calculations under the PBR. DRA recommends that $3.521 million be refunded to ratepayers.

F. OTHER COSTS INCURRED FOR CUSTOMER SATISFACTION

SCE incurred costs of approximately $320,625 for customer give-aways with its 5+ logo, and items for team building and promotions (i.e. logo and district jackets, hats, shirts, etc.). SCE states that its "Transmission and Distribution Business Unit (TDBU) did not have special accounting or tracking numbers that would allow the business unit to specifically track "5+" communication and customer give-away costs"[28], incurred in connection with customer satisfaction, so the exact amount incurred for 5+ related

[28] SCE's response to DRA data request DRA-01 TLG, question 7 j.

expenses may never be known.[29] SCE ordered various trinkets with its 5+ logo printed on the item to pass out to its customers. This was done to help sell the survey and to remind customers of the desired survey score SCE was seeking and to help the customer remember to give the 5+ rating when called by Maritz. SCE ordered cups, mugs, flashlights, pens, golf balls, key chains, plastic tools, banners, notepads, etc. to assist in the promotion of its customer satisfaction survey. Table 2-5 shows the costs incurred for SCE's promotional items in connection with customer satisfaction surveys for the years 1997 through 2004.

[29] Some of SCE's employees reported that its management granted comp time off for employees that achieved 100% customer satisfaction scores for selling the survey. DRA asked SCE to provide the costs incurred for comp time for the years 1997 through 2004. In SCE's response to DRA-01 TLG question 8, SCE stated that "There was no systematic recognition program to award comp time for achieving a level of 100% (5 and 5+ ratings). SCE disputes the premise of this question which suggests that achieving a level of 100% (5 and 5+ survey ratings) within any particular survey period was primarily or substantially the result of "selling the survey"…SCE does not have available the total costs incurred, if any, associated with comp time because there was no systematic incentive or recognition program …The granting of comp time is a prerogative of SCE supervisors and managers, so there may have been isolated cases where local supervision granted comp time related to customer satisfaction".

Table 2-5

Other Costs Incurred for Customer Satisfaction		
Year	Recommended Ratepayer Refund	
2004	$	1,430
2003	$	67,253
2002	$	98,362
2001	$	-
2000	$	95,065
1999	$	39,941
1998	$	7,278
1997	$	11,295
Total	**$**	**320,625**

SCE states that "there is no documentation explaining why FSRs or meter readers gave out such trinkets to customers" but its Design organization gave out "trinkets of minimal value…to use as a means of opening dialogue with a customer".[30] SCE states further in its response to DRA's data request that there "was never a policy that required employees in Design to use trinkets to gain a favorable outcome on the customer survey or for any other reason". During interviews with CPSD staff, SCE employees explained the objective of giving out trinkets:

CS1116 (Planner)

> According to CS1116, selling the survey meant telling the customer "if we don't get a 5, we failed; therefore we need to get a 5 or 5-plus score from you." "So selling the survey was bring it up to every customer, telling them about the survey,

[30] SCE's response to DRA data request DRA-01 TLG, question 9 Supplemental.

explain the survey, telling them we needed 5 or 5-plus. That's why we had all the 5-plus paraphernalia: flashlights, letter openers, cup holders, knives." (See pages 51 and 52, lines 17-28 and 1-2).

CS1145 Planner)

"CS1145 confirmed the use of handouts such as pocket tools, pens, golf balls and pamphlets marked with '5+' being used as incentives to encourage customers to give high ratings in the surveys. He said 'we get boxes of this stuff, and are pressed to hand it out, but I won't do it. The stuff is stupid, and I feel ridiculous offering an embarrassing plastic tool to a major electrical contractor.'" (Page 3, Feb 6, 2004)

CS1134 (Planning Supervisor)

CS1134 stated the following about the importance of selling the survey: "The big thing was selling the survey. The whole – that's –that's the whole –I mean, we'd pass out cups and golf balls and mugs and key chains and all kinds of stuff that would just say 5+ on it. We were told to tell the customer about the survey and tell then that we weren't doing our job if didn't get a 5+, and so forth". (See page 9, lines 3-9) "I just remember them saying: Sell the survey. Just: Sell the survey. And not really telling us how to do it, just telling us to do it." (See page 9, lines 13-16)

CS1134 said before planners began selling the survey, the whole company was getting 60 and 70 percent scores. "I mean, the scores gradually went up. Because we started – I believe when we started everybody in the whole company was getting around 60 and 70 percent. But when they started selling the survey and giving out the memorabilia and stuff like that, I –you can see –I mean, in one of those e-mails that I had given you, that one district went from a 60 to a 90 percent, and that's just from selling the survey. So I think that that did help. Yes. (page 9, lines 20-28)

The costs of SCE's team building and promotional items were inappropriately charged to ratepayers. These items were purchased to help promote the selling of SCE's customer survey in order to increase customer satisfaction scores. DRA recommends that SCE be ordered to refund the $320,625 to ratepayers.

Based on the foregoing, DRA recommends that $97.817 million of SCE's revenue requirement be subject to ratepayer refunds in connection with its falsification of customer survey information and manipulation of survey results and employee illness and injury records.

CHAPTER 3

PBR PERFORANCE MECHANISM REWARDS

I. INTRODUCTION

This chapter presents DRA's testimony on PBR Performance Mechanism Rewards. This chapter will address why on a policy basis the manipulation of survey data used in the reward for performance in PBR areas serves as a reasonable basis on which all incentive rewards accruing to SCE for all the PBR Performance Measures should be refunded to ratepayers.

II. SUMMARY/RECOMMENDATIONS

DRA reviewed pertinent documents filed in this case to ascertain the full scope of misconduct of SCE with respect to the PBR incentive mechanism and to develop its recommendations regarding other areas that may have been tainted by the manipulation of data found already associated with two of the of the performance measures of SCE's PBR. Among the documents reviewed were: the Commission's current OII, SCE's Response to the OII, and CPSD's report on SCE's manipulation of customer satisfaction data.

DRA agrees that as an initial matter all safety related performance rewards of $20 million should be refunded to ratepayers by SCE and SCE should be directed to forego purported rewards of $15 million not yet recovered in rates. Given the extent and serious nature of the manipulation of data, fraud, disregard for accurate reporting and lack of due diligence that has tainted the integrity of the entire PBR performance mechanism, DRA maintains that as a matter of policy SCE should immediately be directed to refund all rewards earned under all PBR performance mechanisms. Therefore, DRA recommends the following:

1. That SCE refund $28.0 million and forgo $20 million for the period 1997-2003 for its Customer Satisfaction PBR program due to data manipulation of survey results (see Chapter 2 of this report, Results Sharing, Ratemaking, and Other Related Adjustments).

2. That SCE refund to ratepayers of $8 million associated with service reliability, which were net PBR rewards for the years 1997 through 2003.

III. DISCUSSION/ANALYSIS

The evidence indicates that the integrity of the PBR program was seriously tainted by the actions of SCE. SCE, in an attempt to improve customer satisfaction scores, assured that customer satisfaction data was unreliable, with inappropriate tactics ranging from overly aggressive marketing and "selling" of the customer satisfaction surveys to outright manipulation and falsification of customer contact information. The PBR program was further compromised by SCE's misreporting of work-related illness and injury data. According to SCE's own report, "due to under-reporting of work-related injuries and illnesses and the failure to accurately track all such incidents, SCE did not have sufficiently reliable data to support SCE's request for rewards under the health and safety PBR incentive mechanism."[31] Because the PBR data is so tainted by SCE's actions, it is unreasonable that any PBR data be used to reward SCE's conduct. Therefore, both the Customer Satisfaction and Reliability rewards should be fully refunded.

DRA recommends a refund of $ 28 million for its PBR associated with Customer Satisfaction for the years 1997 through 2000. In conjunction with this refund DRA requests that SCE forgo receipt of another $20 million, which it has not yet been awarded for the year 2001 through 2003. SCE has agreed to

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31 Southern California Edison Company, PBR Illness and Injury Recordkeeping Investigation Report.

refund $8.4 million of the $28 million paid out. This is based on its admission of data manipulation with respect to its customer satisfaction survey and meter reading program. This evidence of misconduct is sufficient to justify the refund of all rewards associated with the PBR program since it served to undermine the integrity of the entire PBR decision and programs. Chapter 2 of this report provides ample evidence that SCE's misconduct was present in other customer service areas. This included the direct encouragement of Customer Service Representatives to "sell" SCE's customer satisfaction survey for the purpose of enhancing scores and thus achieving results that would consequently raise customer rates through the PBR mechanism. SCE had agreed to return $8.4 of the $28 million for 1997-2000 that the company received. DRA seeks return of the entire $28 million. DRA also requests that the Commission preclude SCE from receiving any of the $20 million PBR reward for Customer Satisfaction for 2001-2003. SCE has agreed to return on $6 million of this amount if it is awarded to SCE. Again, SCE should not be rewarded for its intent and actions to manipulate the survey results through its customer service representatives

Similarly, SCE should not have earned any rewards for its level of system reliability for the years 1997-2003, because the reliability program is part of the tainted PBR Performance Mechanism Program. DRA recommends that a refund of $8 million for the PBR payouts for Service Quality should be made to ratepayers. For the years 1997 through 2003 SCE received $8 million in rewards for achieving the level of system reliability commensurate with the levels established by the SCE PBR system reliability incentive mechanism. As with the Customer Satisfaction and Safety portions, it is inappropriate for SCE to receive any PBR rewards when the program's data was so compromised, and the integrity of the entire program was undermined by SCE's actions.

CHAPTER 4

QUALIFICATIONS AND DIRECT TESTIMONY OF

MARTIN G. LYONS

Q1. Please state your name and business address.

A1. My name is Martin G. Lyons. I am employed by the California Public Utilities Commission, which is located at 505 Van Ness Avenue, San Francisco, California.

Q2. What is your position with the California Public Utilities Commission?

A.2. I am a Program a Project Supervisor in the Division of Ratepayers Advocates (DRA).

Q3. Please describe your educational background and professional experience.

A3. I graduated from the University of Redlands with a BA in Economics and Business, obtained a Masters in Economics at the University of Stockholm in Sweden, and completed my MBA in Finance at the University of California at Berkeley. I have testified before the Commission numerous times on a variety of areas including but not limited to total compensation, sales, customers, and revenues, productivity, labor and non-labor escalation, merger benefits, econometric modeling in water cases, and utility performance measures. Additionally, I have served as project coordinator on utility energy cases.

Q4. What is your responsibility in this proceeding?

A5. I have prepared and am sponsoring testimony for Chapter 1, Executive Summary and Chapter 3, PBR Performance Mechanism Rewards in this report.

QUALIFICATIONS AND PREPARED TESTIMONY OF

TAMERA GODFREY

Q1. Please state your name and business address.

A1. My name is Tamera L. Godfrey and my business address is 505 Van Ness Avenue, San Francisco, California 94102.

Q2. By whom are you employed and in what capacity?

A2. I am employed by the California Public Utilities Commission (CPUC) as a Public Utilities Regulatory Analyst IV in the Division of Ratepayer Advocates Energy Cost of Service and Natural Gas Branch.

Q3. Please briefly describe your educational background and work experience.

A3. I have a Master Degree in Public Administration and a Bachelor of Arts Degree in Political Science from California State University, Hayward. Prior to joining CPUC in September 1998, I was employed with the State Department of Health Services in the Environmental Health Investigations Branch and the Radiologic Health Branch, Investigations, Compliance and Enforcement Section. Since joining DRA, I have prepared testimony for Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) in the 1998, 1999, and 2000 Annual Transition Cost Proceeding on employee-related transition costs, Pacific Bell 851 proceedings (A.99-07-020 and A.00-01-023), on the Order Instituting Investigation into Roseville Telephone Company's Intrastate Revenue Requirement (I.01-04-026). I have also prepared testimony on administrative & general expenses and total compensation for SCE's

2003 (A.02-05-004) and 2006 (A.04-12-014) General Rate Cases, and PG&E's 2007 (A.05-12-002) General Rate Case, and Southern California Gas Company's (A-02-02-027) and SDG&E's (A.02-12-028) 2004 Cost of Service. I was project coordinator for Sierra Pacific Power Company's 2004 Energy Cost Adjustment Clause proceeding (A.04-05-004).

Q4. Have you previously testified before this Commission?

A4. Yes.

Q5. What is your area of responsibility in this proceeding?

A5. I am responsible for Chapter 2 Results Sharing Associated with PBR Performance Incentives and Related Adjustments.

Q6. Does that complete your prepared testimony?

A6. Yes, it does.